**Federal Government Property Management Manual**

(Revised- January 2022)

1. **Purpose**
	1. To establish general procedures for the management and control of Government Owned/Titled property (GP) in the custody of the Pennsylvania State University (hereinafter referred to as the “University” or “PSU”).

The Property Manual contains policies and procedures regarding the acquisition, maintenance, reporting and disposition of Government titled equipment.

* 1. **Definition of Government Owned Property**

Government Owned Property is equipment or real property furnished or acquired by purchase on contracts or grants where the Government’s sponsoring agency retains ownership.

* 1. **Responsibility**

The responsibility for the management and control of GOVT property has been assigned to the Office of the Corporate Controller (CCO), Property Inventory Department (hereinafter referred to as Property Inventory). Each Principal Investigator has the ultimate role in properly utilizing and safeguarding all GP on each of their respected Grants/Contracts. Property Inventory uses the asset module in the System for Integrated Management, Budget, and Accounting (SIMBA) for recording government assets from acquisition to disposition.

Property is accountable to designated departments, each of which is responsible for the day to day management, use, care, record-keeping, and disposal of those assets. Shared equipment is accountable to a primary department for purposes of record-keeping.

**Note**: The Applied Research Lab (ARL) has a property office the supports the CCO and submits property reports directly to Classified Sponsors.

1. **Furnished or Acquired**
	1. **Introduction**

The University receives GOVT equipment through two methods:

* + 1. GOVT Furnished Property (GFE) or (GFP) – Property in the University’s custody that has been made available for use by a government agency.
		2. Contractor Acquired Property (CAP) – Property that is procured by the University’s Procurement Services Office or by departmental purchasing cards and the Government retains title.

CAP is defined in two ways:

1. **Non-deliverable Contractor-Acquired**– Items not specified as contract deliverables that are bought on contract via University procurement methods.
2. **Deliverable Contractor-Acquired Equipment** – Items that are specified as contract deliverables and will be shipped to the Sponsor before or at conclusion of the award. These acquisitions are not recorded in the property module. Expenditures are tracked using various general ledger numbers and can be reported as needed.
	1. **Preacquisition Screening**

The University has policies and procedures for federally funded capital property preacquisition screening certification in accordance with regulations. See [Federally-Funded Capital Equipment Preacquisition Screening Certification](https://guru.psu.edu/forms/federally-funded-property-preacquisition-screening-certification-form.pdf). See [Procedure CR2055](https://guru.psu.edu/Procedures/CR2055).

* 1. **Acquisition (CAP)**
		1. Equipment may be purchased by the Office of Physical Plant (OPP) while building or renovating structures. When this project is billed to the appropriate budget, an OPP Billing Statement is produced. Property Inventory personnel analyze these statements for capital expenditures. Equipment items identified are tagged and recorded in the Simba Asset module.
		2. With the exception of the Applied Research Laboratory, all CAP purchasing documentation are reviewed by designated Administration Support Assistant in Property Inventory for review and approval if item(s) meet the definition of equipment per 2 CFR 200.33. After Shopping Cart requisition approval, Property Inventory personnel will be notified for following up with tagging and obtaining additional information regarding the equipment item purchased:
			+ Most procurements are made in SIMBA SRM (procurement module), Shop OnLion. The systems has a Workflow that automatically notifies Property Inventory, via email that a Shopping Cart needs reviewed and approved.
			+ ARL Shopping Carts are reviewed by the Manager or Assistant Supervisor in Central Property Inventory.
			+ If items were not proposed, sponsor approval is required before order can be placed. ARL accounting or RAP are responsible for ensuring the Grant or Contract has approval language to procure, if not a request to purchase will be sent to the PCO or ACO.
		3. The financial records of the University include equipment administration data in the Federal Administrative Contracting Officer (FACO) field in SIMBA Grant information tile. See [FACO Codes](https://controller.psu.edu/faco-codes).
		4. Receipt – The University uses “Receipt and Issue” system to receive and issue CAP in lieu of an MRP system. The University’s financial records are maintained with appropriate “Goods Receipt” requirements to locate items.
		5. See Procedure CR 2019 for more detail
	2. **Leases**

CAP with GOVT retaining title will be analyzed using the FASB standard 840-10-25-1 to determine if the lease will be reported as an Operating or Finance lease.

* 1. **Fabricated Equipment**

A department wishing to fabricate capital equipment must first request a PSU unique Fabrication number from Property Inventory. Property Inventory reviews the request verifying that equipment can be purchased on specified Grant.

As with other acquired equipment, a tag number is assigned to the fabricated item and is physically placed on the equipment, when possible for identification.

See procedure CR 2020 for more detail.

* 1. **Tagging or Identification**

All GFP or non-deliverable CAP GP titled are assigned a SIMBA asset number or sub number and physical inventory tag number, regardless of their value. All CAP items are also assigned a SIMBA Asset number and inventory tag number according to the dollar value listed in the contract/grant. In most instances where the government is retaining title, this amount is $5,000 or greater with a one year useful life.

The Office of Sponsored Programs (OSP) will notify Property Inventory if the tagging threshold is different. Property Inventory will forward this information to the respective administrative area’s Financial Officer of the amended dollar threshold and that purchases from this contract/grant must be appropriately coded.

The SIMBA asset number becomes the control number in the property financial system. When possible, a permanent physical tag, with unique number is physically attached to the equipment for identification. Equipment that cannot be tagged such as radioactive equipment, high temperature, magnetic, etc. will only have a SIMBA identification number.

* + 1. Currently, there are two types of physical tags used by Property Inventory for tagging GOVT owned equipment. [See Equipment Tag Examples](https://controller.psu.edu/property-inventory-tag-examples).
			- Government Furnished Equipment Tag: A red and white tag with a black bar code and number is used for US Government owned equipment. The words, “PENN STATE-GOV’T” are printed on the tag in black within the red area of the tag. In addition to this tag, we have a red and white tag without a black bar code and number. This tag is available to use on accessory items needing identified as Government Owned.
			- Permanent IUID Tag (UII) will be assigned to Department of Defense (DOD) contracts/grants for GFE/GFP valued $5,000.00 or more or items that are mission critical. DFAR clause 252.211-7007.
			- Permanent IUID Tag (UII) will be assigned to Department of Defense (DOD) contacts/grants that have End Item Deliverables (EID’s) property. DFAR clause 252.211-7003.

Each SIMBA grant number is assigned to a business area (BA) this denotes the area of responsibility. Administrative Support Assistants (A.S.A.'s) tagging responsibilities are assigned by [business area](guru.psu.edu/resources/rates-and-schedules/SIMBA-chart-of-accounts#C).

Physical tag number sequence is eight numerical bytes and one alpha byte. The alpha byte, if used, is to designate items such as:

* + 1. Cost On – multiple funds purchased item or item was paid for over multiple fiscal years
		2. Upgrade – the main item was upgraded
		3. Accessory – items that add value, usually purchased to aid in the usage of the item

Equipment located at the Applied Research Laboratory (ARL) buildings are tagged and physically inventoried by their employees because of security requirements and/or location.

It is the Custodian/PI responsibility to notify Property Inventory when GFP is received. Property Inventory should be forwarded all pertinent documentation including any GOVERNMENT forms.

Item Unique Identifier (IUID): Required by Department of Defense (DOD) only. If an agreement is received with DFARS Rule 252.211-7003 and 252.211-7007, Penn State will affix a 2D UII tag on the applicable item(s) and record them into the IUID Registry. A Penn State Government ID tag will also be placed on the item(s).

Department of Defense awards require either a DD 250 form to be completed when End Item Deliverables (EID's) are built and are shipped to the sponsor at the conclusion of the award or WAWF RR, whichever is required per the contract. Detail EID requirements can be found in sections E and F of a contract.

Current NAVSEA awards require a Certification of Acceptance, (COA) be sent via email.

NOTE: Department of Defense requires certain hardware deliverables to be tagged with a UII - see DFARS clauses 252-711-7003 (Deliverables) and 252-211-7007 (Reporting) for detail on requirements.

* 1. **Maintenance**

Government property routine and preventive maintenance is managed at the technical division level by the custodian. Maintenance requirements, including timing, are determined by reference to equipment technical manuals.

1. **Equipment Records**
	1. **Computer Database**

Equipment records are kept and maintained by Property Inventory on a computerized database (SAP/SIMBA). The system maintains a history of all changes made to a property record.

The SIMBA asset number is the control for the database. However, information can be searched by various other elements such as manufacturer name, building number, item description, etc.

Ad hoc reports can also be run against the database to generate listings in other formats as needed. The main SIMBA tile for these Ad hoc reports is “Asset Grant Report”

* 1. **Ownership and Location Source Data**

Much of the information used to update the database comes from transfer forms. These forms are sent to Property Inventory any time equipment is transferred from one University location to another University location. This is the same form used for University Owned equipment disposals. The electronic form can be found using SIMBA Asset Transfer & Retirement Form tile.

Transfer of funding accounts On GOVT owned CAP, if allowed, can only be accomplished by also using the SIMBA Asset Transfer & Retirement Form tile.

At the end of each physical inventory, any changes discovered are updated on the database. These changes may involve room numbers, building numbers, custodians, etc.

* 1. **Transfers**

Transfers -GOVT owned equipment cannot be Transferred or Loaned to another University, entity or subcontractor or received by The Pennsylvania State University without prior written approval from the Government’s Procurement Contracting Officer (PCO) or Administrative Contracting Officer (ACO). A copy of all correspondence should be forwarded to the delegated Administrative Contracting Officer (ACO). Transfer requests are handled by the University’s Research Administration Personnel (RAP). ARL submits their requests directly to the applicable PCO or ACO with a copy to the Manager of Property Inventory. Equipment should not leave the University until approval has been received from the PCO or ACO. Property Inventory should be notified after receipt of the PCO or ACO approval. At which time the equipment can be shipped to the new University, entity, or subcontractor.

* 1. **Custodians/Principal Investigators (PI)**

The person who uses a particular piece of equipment is named the Custodian/PI on the database for that item. The Custodian /PI is verified/updated during physical inventories or when notified by the business area representative.

Property Inventory also receives a listing, from the Office of Human Resources and SIMBA, of personnel who have ended their employment with the University. The listing is compared with the equipment database. If items of equipment are assigned to an individual on the list, the business area is notified and asked to update Property Inventory as soon as a new equipment custodian is identified. Property Inventory then updates the database.

Custodians are normally the person responsible for verifying the receipt of the purchase, the safe storage and use of the equipment, as well as making sure the item is being used and maintained properly.

* 1. **Equipment Condition**

There are two fields on the screen for condition code and appear on listings as COND. Condition Code 1 and 2 are both one byte fields. Both are alphanumeric fields. See below. Most of the categories are self-explanatory.

10-New

11-New Reconditioned

20-Used excellent

21-Used Fair

22-Usable repairs required

23-Usable for Parts

30-Usable not being Used.

Most of these condition codes can be used for CAP equipment. GFE received by the University are normally listed as Condition Code 21, Used Fair.

The GOVT Disposal Condition Codes are used only by Property Inventory when requesting disposition instructions through PIEE.

* 1. **Subcontractor**

Equipment items procured with GOVT title by the subcontractor are controlled by the subcontractor and submitted to the RAP upon request or at award close. The RAP submits this information to UP Property Inventory. Approval should be obtained from responsible GOVT PCO/ACO prior to sending GFE and CAP to Subcontractors or by having appropriate language written in the award. Appropriate shipping documents are to be prepared to reflect the movement.

* 1. **Disposals**

Property Inventory requests disposition instructions from the delegated PCO and/or ACO. The Custodian/PI sends a request to Property Inventory requesting disposition by using the [Government/Sponsor Disposition Request Form](https://controller.psu.edu/sites/controller/files/govtdisprequestform.pdf), an internal form that details each equipment item using the [Government’s Disposal Condition Codes](https://controller.psu.edu/sites/controller/files/govtdispconditioncodes.pdf). Property Inventory will notify the Custodian/PI and the RAP when instructions are received. ONR awards must follow DoD PIEE reporting requirements.

* 1. **Storage**

While awaiting disposition instructions Custodians are to store Federal government equipment separately from all other equipment per FAR 52.245-1(f)(vii)(b) and at the direction of the ACO.

1. **Physical Inventories**
	1. **Purpose**

Physical inventories are taken by Property Inventory personnel to verify all pertinent equipment information such as location, serial and model numbers, custodians, etc. Inventories are also taken to verify the existence and use of equipment that is on the SIMBA equipment database. Due to the nature of movable assets, a physical check is needed to keep track of equipment and to verify that procedures are being followed.

At the Commonwealth Colleges and Campuses and Research areas not located near University Park, the physical inventory is completed by a designated employee located in that particular area. ARL employees conduct their own inventories due to the classified/secure nature of these sites. Consistent with the Property Inventory processes, ARL employees located at University Park can utilize barcode readers or prepared listings. Commonwealth campus employees use prepared listings provided by Central Property Inventory, a division of the Office of the Corporate Controller, to conduct their inventories.

* 1. **Frequency**

A physical inventory is taken every two years of all Government Owned Equipment. Physical inventories can be more frequent based on specific contractual language per Sponsor.

* 1. **Method**
		1. A memo and a Pre-Inventory listing is sent to the Custodian/PI or with a copy of the memo only to the Financial Officer (FO) or Facility Coordinator (FC) of the business area or college that is associated with the item approximately two weeks prior of the date the inventory is scheduled to begin. Departmental Contacts are encouraged to help Property Inventory Personnel locate the GOVT owned item(s).
		2. One week prior to the inventory, Property Inventory personnel begin to contact by phone or email the Custodian/PI/FC to set up an appointment to see the equipment item(s).
		3. Property Inventory will visit the area to be inventoried and check all items against the listing. If an item is already tagged, the information on the listing is verified for accuracy. Any incorrect information is noted, and any missing data is added. Property Inventory personnel will ask if the equipment is: not being used, broken, scrap, etc. If the Custodian/PI tells them one of the mentioned scenarios, they will ask if Property Inventory should seek disposition instructions from the sponsor. Their response is noted and if disposition is required, Property Inventory will contact Custodian/PI at the end of the inventory and seek dispositions instructions from the delegated PCO and/or ACO.
		4. Items not located will be noted and, at the end of the physical inventory, Property Inventory will contact the Custodian/PI asking for an explanation. Property Inventory will then request relief of accountability from the delegated PCO/ACO providing the explanation given and the Lost, Damaged, Destroyed, Theft (LDDT) report. Copies of this correspondence will also be provided to the Dean or Administrative Officer of the unit, the Financial Officer and the RAP of the area involved.
	2. **Utilization of Property per FAR 52.245-1(f)(1)(viii)**

While conducting the physical inventory each principal investigator or custodian is requested to provide verbal communication that the item(s) are needed and/or are being used as authorized under the appropriate Grant/Contract/or other. Property no longer required will be reported to the sponsor’s administration in a timely fashion.

1. **Reports**
	1. **Financial**

Final Property Close-Out Reports are required by a number of agencies such as ONR and NASA. It is extremely important that Penn State close~~s~~ programs in a timely manner. Delinquencies call into question the effectiveness of the University’s property control system. Penn State through Property Inventory Department identifies contracts/grants that are closing through various agency websites that are made available to them by Office of Sponsored Programs (OSP). Also, SIMBA generates a listing of awards that will be expiring. Each PI receives an email, with a copy sent to the University’s central Property office. These reports identify contracts/grants that are closing within the next 60-day period. The Final Property Report is due to the respective ACO 90 days after the contract end date.

Annual Property Reports as of September 30 are due to the awarding agency or delegated ACO by October 15 or 31 if contractually required. An example of such a report is the NASA NF 1018.

Other sponsors requesting reports, either Government or Industrial, send a request to OSP requesting a Final Property Close-Out Report. OSP forwards these requests to Property Inventory for completion.

PSU compliance to the FAR 52.245-1, Alternate II, requirement;

**“The Contractor shall furnish the Contracting Officer a list of all property to which title is vested in the Contractor under this paragraph within 10 days following the end of the calendar quarter during which it was received.”**

Report being designed 2/1/2022, ARL will start submitting for their Contracts after receiving approval form ONR

~~PSU invoices are submitted with commodity object codes, which identify the property required under Alt. II.~~

* 1. **Department Listings**

Many departments request listings of the equipment assigned to them. Our current computer system, SIMBA allows such listings to be generated. Property Inventory can provide many requested listings to the departments electronically. Additionally, Departments may view browse screens within SIMBA, using SIMBA tile “Display Asset”.

* 1. **Subcontracts**

Subcontracts will have the appropriate terms and conditions placed on their sub-award to comply with the base contract. Subcontractors will be required to send detailed property reports upon request, annually and at the end of the award.

The Applied Research Laboratory at Penn State requires subcontractors to complete a limited property survey analysis annually. This completed survey ensures the contractor of their responsibilities and provides proof of their adequate property controls at their locations. See [ARL Limited Subcontractor Survey](https://controller.psu.edu/sites/controller/files/arl_limited_subcontractor_survey_2013_20sept2013.pdf). See Exhibit C.

The University guideline for subrecipient monitoring is outlined in [RAG80](http://guru.psu.edu/policies/RAG80.html)

ARL’s contract department ensures final property reports are received for their awards.

Office of VP Research, OSP ORIS department, ensures final property reports are received for all awards for the University College’s.

In situations where the subcontractors are not reporting to the University in a timely manner, we have been instructed by our current ACO to email the subcontractor’s representative with copies to our ACO and PLCO (Plant Contracting Officer).

* 1. **Property Closeout Process**

Property Inventory is responsible for monitoring awards and notifying Principal Investigators or department personnel of their property closeout responsibilities. The Principal Investigator is required to review and sign the “Property Closeout Certification Form”. After receiving direction from department or Principal Investigator the following will occur:

* + 1. If there is accountable property still remaining on award:
			- Disposition request will be sent to sponsor by Property Inventory
			- Transfer request will be sent from the departments contracts office with a copy going to Property Inventory
			- Final sponsor forms will be completed by Property Inventory or ARL
			- Property Inventory will review all forms for accuracy and sign off
			- Forms will be submitted to sponsor by Property Inventory and ARL
			- Official University and Sponsor databases (IUID Registry or GFP Module) will be updated by Property Inventory
1. **Property Audits**

Property management systems, policies, and processes are routinely reviewed and audited to determine whether performance standards and acceptable levels of compliance are being met.

Audits provide a systemic check or assessment, review, and evaluation of PSU’s property control system. Results serve as a basis to confirm effectiveness and identify areas for potential improvement and risk management. The key to an acceptable property management system and a successful audit is timely, verifiable, accurate, and complete record keeping that comply with all established policies, procedures, and standards.

Satisfactory audit results are critical. Compliance with University and Sponsor requirements help ensure ongoing availability of assets and maximize the benefits and support to University instruction, research, and administration. Departments are responsible for facilitating ongoing property awareness and enabling compliance with established policies and procedures.

* 1. **Key Policy Statements**
		1. Property Inventory (P.I.) is the primary liaison for property related audits.
		2. Departments are responsible for facilitating ongoing property awareness and enabling compliance with established policies and procedures.
		3. Departments should notify Property Inventory if they are directly contacted by an external auditor for a property related audit.
		4. Departments are responsible for providing and maintaining documentation as necessary for audit support.
		5. A Department Property Contact (DPC) should attend all relevant ongoing training to remain aware of property compliance requirements.
	2. **Auditing Organizations**

Various organizations, both internal and external, perform or participate in the performance of property audits at PSU. These include but are not limited to:

* + 1. PSU’s Office of Internal Audit (OOIA)
		2. Office of Naval Research (ONR)
		3. Defense Contract Audit Agency (DCAA)
		4. Defense Contract Management Agency, Special Programs (DCMAS) – Classified awards
		5. Deloitte & Touche LLP (D&T), PSU’s independent auditor
		6. Sponsors (OMB & A-133)
		7. PSU Self-Assessment (normally conducted by a third party)

Property Inventory assumes the role of primary liaison between the University and the departments for property-related audits. If an outside agency contacts a DPC or other department personnel directly regarding an audit, refer the auditor to the Property Inventory department.

When audits are scheduled, Property Inventory will give as much advance notification to the departments as possible. The DPC should be actively involved and may be requested to participate as an escort. They must be able to locate and identify property as requested by auditors and be able to provide supporting documentation upon request. If the DPC cannot provide these services, it is important that they inform the audit liaison of someone that can, such as the Property Custodian.

* 1. **External Audits**

The government and PSU’s independent auditor, D&T, conduct broad, procedural, audits on a regular basis. These audits may be property-specific or include property-related transactions as part of other system audits.

The ONR is delegated administrative and contractual oversight for the majority of federal awards received by PSU. They are the primary external auditing agency which conducts the Property Management Systems Analysis (PMSA) reviews on behalf of the government at PSU. In addition, there may be other sponsors, such as Department of Energy (DoE) and National Institute of Health (NIH), which also conduct property audits. The DCAA also performs audits involving property management. D&T is responsible for the financial systems audits per OMB uniform guidance.

The purpose of these audits is to determine whether the policies and procedures which reflect government, other sponsor and PSU requirements are documented and established standards are met. Successful completion of these audits is critical to ensure appropriate systems controls are in place to mitigate financial or compliance risk as well as continued approval of PSU’s property management system.

* 1. **Internal Audit By PSU/Self-Assessment**

As a proactive measure, PSU’s OOIA is responsible for conducting audits to ensure system-wide database integrity and training efficacy as well as to confirm that detailed transactions are accurate and timely. OOIA, from an institutional compliance perspective, ensures that laws, regulations and contractual requirements are being met at all levels within the University.

Property Inventory and ARL may periodically conduct self-assessments. Self-assessments are necessary in order to determine whether Property Inventory and the departments meet established standards for management of property; results are provided as part of the supporting documentation requested by external auditors.

NOTE: The University has hired a third-party consultant to design and conduct the FAR 52.245-1 (b)(4) required property control system self-analysis. Last completed, May 26, 2015.

* 1. **Property Audit Scope**

Property management audits review business processes associated with all the facets of the asset life cycle. The scope and audit methodology are determined by the auditing team and is dependent on the purpose for which the audit is being performed. Within the scope of an audit, compliance with any or all of the following areas may be examined:

* + 1. property management policies and procedures
		2. property awareness and compliance with procedures and standards
		3. pre-purchase screening and approvals
		4. acquisition and procurement practices
		5. receiving and identification
		6. record completeness, accuracy, and timeliness
		7. subcontract management
		8. physical inventory
		9. utilization of property
		10. property reports
		11. excess property disposal process
		12. award closeout
		13. availability and completeness of supporting documentation and records retention
		14. other facets of property management (i.e. maintenance of equipment and subcontractor property control, system, Item Unique Identification, and property security)
	1. **Audit Results**

Throughout an audit, close interaction should occur between the auditor(s) and the designated PSU liaison. Audit results should be provided in writing and include a detailed report of the audit activity.

OOIA audit activities are coordinated directly with department management, usually with a courtesy copy to the Property Inventory department. OOIA also provides copies to Property Inventory of audit results and requests for implementation of corrective actions that are related to property.

Audit findings and recommendations may require changes in policies and procedures or departmental practices. Responses are prepared by Property Inventory. A copy is provided to the OOIA. Creation and oversight of corrective action plans, where needed, are the responsibility of Property Inventory. Departments having audit findings are notified and participation by key personnel is required to ensure identification and implementation of corrective actions.

Key personnel and their supervisors are informed of general changes via Property Forums, Email notifications and information posted on the Property Inventory Website.

* 1. **Record Retention**

It is important that physical or electronic copies of essential property documents are saved and readily available to support audits and self-assessment or other types of reviews.

* 1. **Audit Impact**

Satisfactory audit results are critical. Compliance with University and Sponsor requirements facilitate the ongoing availability of assets for instruction, research, and administration. Effective property controls and management processes help ensure that new proposals and on-going research continue unimpeded and that the potential liability associated with risk of loss is minimized.

Reference Policies and Procedures:

* + - * + [CR 2019](https://guru.psu.edu/Procedures/CR2019)
				+ [CR 2020](https://guru.psu.edu/Procedures/CR2020)
				+ [CR 2024](https://guru.psu.edu/Procedures/CR2024)
				+ [CR 2055](https://guru.psu.edu/Procedures/CR2055)
				+ [CR 2068](https://guru.psu.edu/Procedures/CR2068)
				+ [BS 15](https://policy.psu.edu/policies/bs15)
				+ [FN 14](https://policy.psu.edu/policies/fn14)
				+ [RA 70](https://policy.psu.edu/policies/ra70)
				+ [RA 90](https://policy.psu.edu/policies/ra90)
				+ [RAG 80](https://policy.psu.edu/policies/rag80)